REPORT ON AUDIT PREPARED BY AN INDEPENDENT STATUTORY AUDITOR

for the General Meeting of Shareholders and the Supervisory Board of the company Stalprodukt S.A.

Report on the audit of the annual financial statement

Opinion

Our company audited the annual financial statements of Stalprodukt S.A. (“Company”). The aforementioned audit covered statement concerning the financial position as at 31 December 2022 and the statement concerning total income, statement regarding changes concerning the equity, cash-flow statement for the year which ended on that day and additional information including a description of the accounting principles adopted by the entity as well as other explanatory information concerning (“financial statement”).
In our opinion, except for the effects of the matter described in Basis for Qualified Opinion, the accompanying financial statements:

- presents a reliable and explicit representation of the property related and financial situation of the Company as at 31 December 20221 and its financial result as well as cash flows as regards the financial year which ended on that day following the applicable International Financial Reporting Standards approved by the European Union together with adopted accounting principles (policy);
- is consistent as regards the form and content of the legal provisions applicable in reference to the Company and the statutes of the Company.
- has been prepared on the basis of correctly kept accounting books in accordance with the provisions of Chapter 2 of the Accounting Act of September 29, 1994 ("Accounting Act" - consolidated text, Journal of Laws of 2023, item 120, as amended).

This opinion is consistent with the additional report for the Audit Committee, which we issued on April 27, 2023.

Grounds for the opinion

We conducted our audit in accordance with the National Auditing Standards in the wording of the International Standards on Auditing adopted by the Resolution of the National Council of Statutory Auditors No. 3430/52a/2019 of 21 March 2019 on national audit standards and other documents as amended. amended ("KSB") and pursuant to the Act of 11 May 2017 on statutory auditors, audit firms and public supervision ("Act on statutory auditors" - i.e. Journal of Laws of 2022, item 1302, as amended), application to audits of financial statements prepared for periods ending on 31 December 2021, and Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on detailed requirements for statutory audits of financial statements of public-interest entities (Official Journal EU L 158 of 27/05/2014, p. 77, as amended).

In our opinion our company obtained adequate and appropriate audit evidence allowing us to provide the grounds for issuing a opinion

We are independent of the Company in accordance with the International Code of Ethics of Professional Accountants (including the International Standards of Independence) of the Council of International Ethical Standards for Accountants ("IESBA Code") adopted by the resolution of the National Council of Statutory Auditors No. 3431/52a/2019 of 25 March

2019 in on the principles of professional ethics of statutory auditors and other ethical requirements that apply to audits of financial statements in Poland. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. During the audit, the key statutory auditor and the audit firm remained independent of the Company in accordance with the independence requirements set out in the Act on statutory auditors and the EU Regulation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key issues covered by the audit

The key issues cover by the audit include issues which proved to be the most significant during the audit of the financial statement covering the current reporting period based on our professional experience. They include the most significant risks concerning material misstatement, such as the assessed risks concerning material misstatement due to fraud. Our company referred to the aforementioned issues in the context of our financial statement audit as a whole and during the formulation of our opinion. What is more, we summarized our reaction concerning the discussed risks and in cases where it deemed necessary one presented the most significant observations concerning the discussed risks. We shall not prepare a separate opinion devoted to these issues.

Key issues covered by the audit	How did our audit refer to the discussed issue
Recognition of sales revenue According to the National Council of Statutory Auditors, one of the most important criteria for assessing the Company's operations by shareholders is sales revenue. In 2022, revenues from contracts with customers amounted to PLN 2,719,250 thousand (2021: PLN 1,997,851 thousand), which is an increase of approx. 36%	• We have gained understanding for the sales process conducted in the Unit. • We assessed the compliance of the applied accounting policy with respect to revenue recognition with IFRS. • We reviewed sales contracts with key customers and tested the sales process system (from ordering, through execution, to payment). • We performed an analysis of sales revenues realized in 2022 in order to identify unusual transactions or unexpected trends by comparing sales revenues to the previous financial year. • We assessed the correctness of revenue recognition at the turn of the year.
Valuation of long-term financial assets In the statement of financial position prepared as at December 31, 2022, the Company shows long-term financial assets in the amount of PLN 511,851 thousand. Long-term financial assets include shares in subsidiaries, which the Company measures at historical value, taking into account permanent impairment.	• We have gained an understanding of the process and internal controls for assessing whether there are indications of loss • We analyzed the Company's Management Board's analysis of the identification of impairment triggers and related assumptions. • We discussed with the Company's Management Board the situation of individual subsidiaries and the existence of possible impairment indicators.

	• We verified the value of shares or shares by checking the value of equity in the entity in which the Company holds shares or shares.

Another thing is the scope of the study The Company's financial statements for the year ended December 31, 2021 were audited by a statutory auditor acting on behalf of another audit firm, who expressed a qualified opinion on these statements on April 29, 2022.

The Management Board of the Company is liable for preparation, on the basis of properly kept accounting books, of the financial statement that presents a reliable and clear representation of the material and financial situation and the financial result obtained by the Company in accordance with the International Financial Reporting Standards approved by the European Union, adopted accounting principles (policy) and the applicable laws and the statutes. Additionally, and is responsible for internal audit considered by the Management Board of the Company as necessary to enable the preparation of consolidated financial statements without significant distortion resulting from fraud or error.

The Management Board of the Company is liable for assessing the Company's ability to continue business activity during the preparation of the financial statement. It discloses, if applicable, issues connected to continuing business activity and adopting the principle of continuing business activity as accounting grounds. This does not apply if the Management Board of the Company intends to liquidate the Company, either by discontinuing running a business or when it has no realistic alternative to liquidating or discontinuing its activity.
The Management Board of the Company and members of the Supervisory Board of the Company have the obligation of ensuring that the financial statement fulfils the requirements provided for in the Accounting Act. Members of the Supervisory Board of the Company are liable for supervision of the financial reporting process.

The liability of the statutory auditor for auditing the financial statements

Our objectives include obtaining reasonable assurance that the financial statement as a whole does not contain any material misstatement due to fraud or error as well as the issuance of a report expressing our opinion. Reasonable assurance involves a high level of certainty. Nevertheless, it does not guarantee that an audit prepared in accordance with the National Auditing Standards detects the existing significant distortion in each case. Distortions can result from fraud or error and are considered significant if in case of such a discrepancy one can reasonably expect that, individually or together, these distortions can influence users' business decisions undertaken based on this financial statement.
The audit does not cover assurance as regards the future profitability of the Company or the efficiency or effectiveness of the Management Board of the Company exercising its obligations currently or in the future.
Our company applies professional judgment and maintain professional scepticism in the course of the audit following the National Auditing Standards as well as:

- we identify and assesse risks as regards material misstatement of the financial statement resulting from fraud or error, plans and conducts audit procedures related to these risks and collects audit evidence adequate and sufficient for providing grounds for our opinion. The risk of not indicating a significant misstatement resulting from fraud is greater than that the one resulting from the error – the fraud can involve conspiracy, falsification, omissions on purpose, misrepresentation or avoiding internal audit;

- we understand the internal audit which is appropriate as regards the audit to plan audit procedures suitable under particular circumstances does not express an opinion on the effectiveness of the internal control within the Company;

- we assess the suitability of the applied accounting principles (policy) and the reasonableness of accounting estimates as well as disclosures conducted by the Management Board of the Company;

- we draw conclusions as regards the suitable manner in which the Company's Management Board comply with the principle of continuing the business activity as an accounting grounds. It evaluates, based on the audit evidence, whether there is material uncertainty as regards the events or conditions which could undermine the ability of the Company to continue business activity. If one concludes that there is significant uncertainty, we are required to indicate in our auditor's report a reference to disclosures in the financial statements. If such disclosures are inadequate, we modify our opinion. Our conclusions result from audit evidence collected prior to the date of our audit report. Nevertheless, events or conditions in the future can result in the Company terminating its business activity;

- we assess the overall presentation, structure and content of the financial statement. This includes disclosure and whether the financial statement represents corresponding transactions and events in a manner providing a reliable presentation.

We make a statement to the Parent Entity's Supervisory Board that we have complied with the relevant ethical requirements regarding independence and that we will inform them about all relationships and other matters that could reasonably be considered to be a threat to our independence, and, where applicable, about the applied safeguards ..
From the matters communicated with the Parent Entity's Supervisory Board, we determined those matters that were of most significance in the audit of the financial statement of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation prohibits public disclosure, or when, in exceptional circumstances, we determine that the matter should not be presented in our report because the negative consequences could reasonably be expected to outweigh the benefits of such information for the public interest.

Other information, including a report on business activity

Other information includes a report on the business activity of the Company covering the financial year which ended on 31 December 20221 ("Report on business activity") together with a statement on applying the rules of corporate governance and a statement on non-financial information referred to in the Art. 49b sec. 1 of the Accounting Act which constitute separate parts of this Report as well as the Annual Report covering the financial year which ended on 31 December 2022 ("Annual Report") (together referred to as "Other information").

Liability of the Management Board and Supervisory Board of the Company

The Management Board of the Company is liable for preparation of other information in accordance with legal provisions.
The Management Board of the Company as well as the members of the Supervisory Board of the Company have to ensure that the Report on the activities of the Company fulfils the requirements provided for in the Accounting Act.

Liability of the statutory auditor

Our opinion on the audit of the financial statement does not cover Other Information. In connection with the audit of the financial statement, our responsibility is to get familiar with the Other Information and, in doing so, consider whether it is not materially inconsistent with the financial statement or our knowledge obtained during the audit, or otherwise appears to be materially misstated. If, on the basis of the work performed, we find material misstatements in the Other Information, we are required to disclose this in our audit report. Our duty, in accordance with the requirements of the Act on statutory auditors, is also to issue an opinion on whether the report on activities has been prepared in accordance with the regulations and whether it is consistent with the information contained in the financial statement. In addition, we are required to inform whether the Company has prepared a statement on non-financial information and to issue an opinion whether the Company has included the required information in its statement on applying the rules of corporate governance.
We obtained the report on the Company's activities before the date of this audit report, and the Annual Report will be available after that date. In the event that we identify a material misstatement in the Annual Report, we are required to inform the Company's Supervisory Board about it.

Opinion on the Report on activities

In our opinion based on the activities performed during the audit, the Report on the activities of the Company:
- has been prepared in accordance with Art. 49 of the Accounting Act and paragraph 70 of the Regulation of the Minister of Finance of March 29, 2018 on current and periodic information provided by issuers of securities and the conditions for recognizing as equivalent information required by the law of a non-member state ("Regulation on current information" – Journal of Laws, item 757, as amended),
- is consistent with the information covered by the financial statement.

Moreover, based on our the knowledge concerning the Company and the environment it operates in which our company obtained during our audit, we declare that no significant distortions were identified as regards the Report on the activities of the Company.

Opinion on the statement on the application of corporate governance

In our opinion, in the statement on the application of corporate governance, the Company included the information specified in paragraph 70 sec. 6 point 5 of the Regulation on current information. In addition, in our opinion, the information indicated in paragraph 70 sec. 6 point 5 lit. c-f, h and lit. and of this Regulation contained in the statement on the application of corporate governance are consistent with the applicable regulations and information contained in the financial statements.

Information concerning non-financial information

In accordance with the requirements of the Act on statutory auditors, we confirm that the Company has prepared a statement on non-financial information referred to in Art. 49b paragraph 1 of the Accounting Act as a separate part of the Report on Activity. We have not performed any assurance work with respect to the non-financial statement, and we do not express any assurance thereon.

Report on other legal and regulatory requirements

Information on the examination of regulatory financial information specified in the provisions of art. 44 of the Energy Law

In our opinion, in point 7 of the explanatory information, the Company presented the items of the statement of financial position (balance sheet) and the statement of profit and loss (statement of profit and loss) prepared separately for each type of business activity in the field of trading in heat and electricity in all material aspects, in accordance with the requirements of art. 44 of the Act of April 10, 1997 Energy Law ("Energy Law").

The scope of the regulatory financial information contained in point 7 of the explanatory information is defined by the requirements of Art. 44 of the Energy Law. Our audit did not include the assessment of whether the information required to be disclosed by the Act is sufficient to ensure equal treatment of recipients and eliminate cross-subsidization between activities.

Declaration concerning provision of services not covered by the audit of financial statements

Based on our best knowledge and belief we declare that the services not covered by audit concerning the financial statement presented to the Company and its subsidiaries comply with legal provisions and regulations effective in Poland. Our company did not provide non-audit services prohibited based on the Art. 5 section 1 of the EU Regulation and the Art.136 of the Act on statutory auditors. The services which are not deemed an audit of financial statements, and which we provided to the Company and its subsidiaries during the audited period, have been listed in note 31 of the Report on the Company's Operations.

Selection an auditing company

Our company was appointed to audit the financial statement of the Company based on a resolution issued by the Supervisory Board of the Company on 20 June 2022. We are auditing the Company's financial statements for the first time.

The key statutory auditor responsible for the audit, the result of which is this independent statutory auditor's report, is Krzysztof Warczak, acting on behalf of KPW Audyt Sp. z o.o. with headquarters in Łódź (90-350), at street Tymienieckiego 25C/410 entered on the list of audit firms under number 4116, on behalf of which the key statutory auditor has audited the financial statements.

Krzysztof Warczak

Key Statutory Auditor, Reg. No. 11939

Łódź, 27 April 2023